

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Monthly Agricultural Market News of South China – 23

Report Categories:

Agriculture in the News

Agricultural Trade Office Activities

SP1 - Expand International Marketing Opportunities

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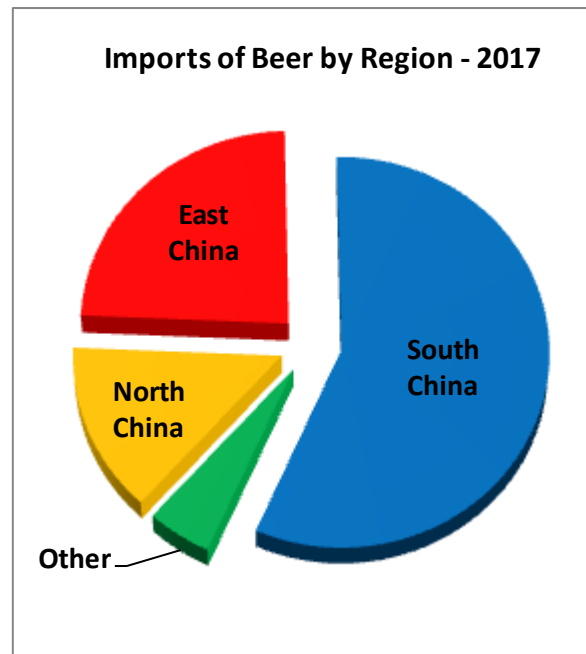
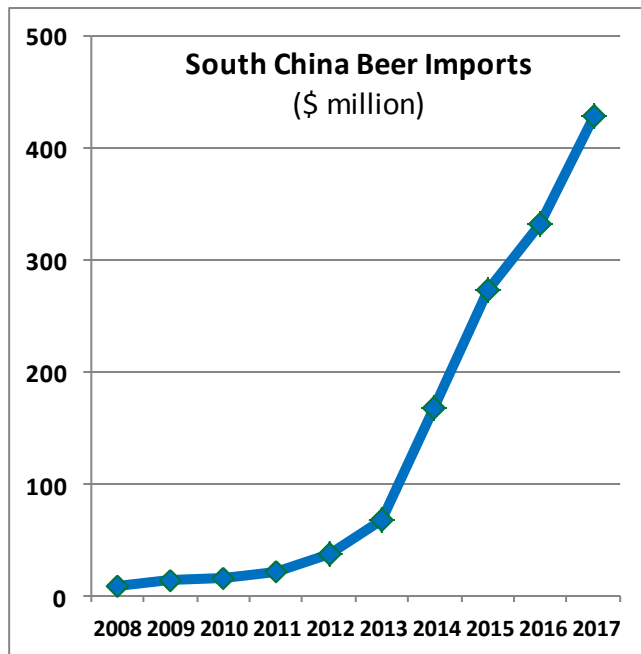
ATO Guangzhou staff

Report Highlights:

Thirst for imported beer intensifies in South China...Upcoming opportunities for U.S. exporters to meet with South China ingredient importers...ATO Guangzhou participated in trade shows for U.S. woods and hides & skins, and carried out a number of other promotional activities.

General Information:

Thirst for Imported Beer Intensifies in South China



Data Sources: China Customs

South China in recent years has experienced an “upgrading” of beer consumption, with demand for mass market local beers falling, and a rapid rise in demand for imported beers, as well as locally-produced craft beers. South China imports of beer have continued to skyrocket, rising another nearly 30 percent in 2017, to \$429 million. This trend has continued in the first quarter of 2018, with imports during this period up another 35 percent. The majority of beer imports into China come through South China, and beer sources have become diversified in recent years as consumers have demanded a wider variety of flavors and tastes. While just three years ago over two-thirds of all imports came from Germany and Netherlands, last year their share was less than one-third, with rapid increases in imports from suppliers such as Mexico, Portugal, South Korea, and others. Imports of U.S. beer have also risen, although they still remain a relatively small share of the market.

For domestically-produced beer, overall Chinese beer production peaked in 2013 and has been falling in recent years as the market became oversaturated, competition strengthened from other alcoholic products such as wine, and beer imports increased. Despite this overall decline in mass produced Chinese beers, consumer demand for higher-quality and a wider variety has caused a boom in local production of craft beers, presenting market opportunities for U.S. ingredients such as hops, yeast, malt, and concentrated fruit juice.

Note: Southern China includes Guangdong, Fujian, Guangxi, Hainan, and Hunan provinces.

Upcoming Events

July 15-18, IFT Show, Chicago: ATO Guangzhou, in cooperation with the China Food Additives & Ingredients Association, is organizing a delegation from South China to attend the Institute of Food Technologies (IFT) Show in Chicago. This delegation will have nearly 30 participants from over 10 companies. In addition to participating in the show, ATO Guangzhou will also arrange factory and other site visits for the participants. Any U.S. exporters interested in meeting with key South China buyers at the show should please contact ATO Guangzhou Marketing Specialist Crystal Tang (Crystal.Tang@fas.usda.gov).

Recent ATO Guangzhou Activities

China's Leather Shoe Exports Rise in 2017, Boosting Demand for U.S. Hides and Skins – On May 29, a Guangdong Footwear Production Innovative Development Forum was held in Guangzhou, where major industry players discussed how to boost footwear production in Guangdong Province. This forum was followed by the Guangzhou Leather and Shoe Fair from May 30-June 1st. After two consecutive years of decreasing shoe exports, in 2017 China's exports rose nearly 5 percent, with Guangdong making up a large portion of total exports. China has become the world's largest producer of footwear followed by Vietnam and Indonesia. However, in recent years challenges have arisen, including slowing economic growth in China and also climbing labor costs. Despite these obstacles, footwear exports rose for both volume and value in 2017, increasing demand for U.S. hides and skins. At these events ATO Guangzhou was able to connect with some of the major buyers and users of U.S. hides, and plan future promotions to boost U.S. sales.



Florida Food Companies are Looking to the South China Market – On June 7, ATO Guangzhou

participated in a Florida Trade Mission organized by the U.S. Commercial Service. The U.S. delegation included two food exporters from Florida. ATO Guangzhou was able to provide information on the South China market as well as Chinese import policy regulations, and also was able to connect them with interested South China importers. South China consumers are demanding a greater range of importer foods and beverages, sourced from throughout the United States.

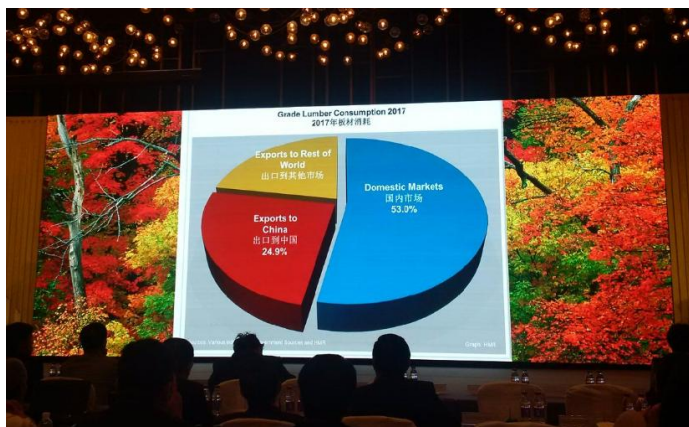
China's Largest Craft Beer Brewpub Opens in Guangzhou, Selling Beers Produced with U.S.

Ingredients – On June 9, ATO Guangzhou Deputy Director and staff attended the opening ceremony of the Pearl River Craft Beer Brewpub at Party Pier, Guangzhou. The pub can annually produce 2,000 tons of various craft beers including IPA and fruit flavored beers made with imported U.S. hops and cranberry juice. The pub is also expected to serve dishes made with imported meats such as U.S. pork and beef. This brewpub is owned by the Pearl River Beer Group, which is a large and well known beer maker with a long history in South China. As Chinese beer drinkers seek for high-quality beers with more flavor choices, local brewers are meeting demand by producing more craft beer and opening brewpubs. China is the world's largest consumer of beer and its rapidly expanding craft beer industry has great market potential for U.S. ingredients.



A Quarter of All U.S. Graded Lumber is Exported to China – On June 21 and 22, ATO Guangzhou attended the American Hardwood Export Council Annual Greater China and Southeast Asia conference in Xian, China. This event included almost four hundred participants mainly from the United States, South East Asia and China including exporters, importers, designers, wood users and media. Speakers from the United States, United Kingdom, Singapore and Hong Kong covered topics on American hardwood exports to China, U.S. hardwood resources & sustainability, wood and the environment, interior design and new technologies and applications of U.S. hardwoods. During the conference there was a mini-trade show of U.S. hardwoods organized for local importers and wood users in order to have

face-to-face discussions with U.S. exporters. 2017 witnessed a record year for U.S. hardwood lumber exports to China, reaching \$1.5 billion, 26 percent growth from 2016, and accounting for 52 percent of total U.S. exports. Much of this comes to South China, and during the conference ATO Guangzhou staff linked South China importers to U.S. exporters, and gathered market information, as well as exchanged ideas for possible promotional events to help market U.S. hardwoods in South China.



South China Dairy Industry Continues to Modernize – On June 20, ATO Guangzhou staff visited a newly built dairy farm in Guangzhou. The owner and the farm manager are alumni of USDA/Cochran Fellowship Programs (CFP), where they visited the United States and learned about farm design/management. During these trips, the two fellows learned about the latest dairy technology, including tunnel ventilation barns, which help to resolve the biggest challenge of local dairy farming in South China – heat stress. In South China, dairy cows suffer great discomfort and stress due to high temperature and humidity, severely impacting the milk yield. After attending the CFP, these participants decided to adopt this U.S. technology and hired two U.S. experts to help build a large barn with tunnel ventilation in their new farm – the first in South China. In addition to purchasing U.S. technology and equipment, this dairy farm also uses U.S. hay and U.S. dairy genetics.



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